



Department of Energy
Washington, DC 20585

WEATHERIZATION PROGRAM NOTICE 16-1
EFFECTIVE DATE: December 31, 2015

SUBJECT: PROGRAM YEAR 2016 WEATHERIZATION GRANT GUIDANCE

This guidance includes the following sections:

- 1.0 Purpose**
- 2.0 Program Priorities and Initiatives**
- 3.0 Funding**
- 4.0 Applications for WAP Annual Formula Grants**
- 5.0 Weatherization Program Policy Notices**
- 6.0 Website Information**

1.0 PURPOSE

To issue grant guidance and management information for the Weatherization Assistance Program (Weatherization or WAP) for Program Year (PY) 2016 based on the following documents:

- Attachment 1: Administrative and Legal Requirements Document (ALRD)
- Attachment 2: Application Instructions, to be used by all States, Territories, and Native American Tribes (and locals, if applicable) as supplemental information when applying for direct grants under the Weatherization Assistance Program for Low-Income Persons.

DOE will provide allocations as outlined in Weatherization Program Notice (WPN) 16-2 titled *Program Year 2016 Grantee Allocations*. Grantees must consider all of these documents when submitting 2016 applications.

1.1 SCOPE

The provisions of this guidance apply to Grantees or other entities named in the Notification of Grant Award as the recipient(s) of financial assistance under the Department of Energy (DOE or Department) WAP.

1.2 LEGAL AUTHORITY

Title IV, Energy Conservation and Production Act, as amended, authorizes the Department to administer the WAP (42 U.S.C. § 6861, *et. seq.*). All grant awards made under this program shall

comply with applicable law and regulations including, but not limited to, the WAP regulations contained in 10 CFR 440 and DOE Financial Assistance Rules at 2 CFR 200.

Effective December 26, 2014, the DOE Financial Assistance regulations contained in 10 CFR 600 were superseded by the Financial Assistance regulations contained in 2 CFR 200 (with DOE regulations specific to for-profit organizations codified in 2 CFR 910). WAP formula awards originally issued for Program Year 2013 will be extended one additional year to Program Year 2016, and the award Special Terms and Conditions will be updated to require compliance with 2 CFR 200 and 2 CFR 910. DOE requires compliance with 2 CFR 200 and 2 CFR 910 for awards issued after December 26, 2014.

A table has been updated in Section 5.0, which lists active WPNs. This table provides references to relevant issues to assist Grantees in the development of their Grantee WAP plans, policies and procedures. This section also includes memoranda that have been issued by the Program Office updating Grantees on current activities and issues that are of general interest to the network.

2.0 PROGRAM PRIORITIES AND INITIATIVES

From time to time, DOE undertakes initiatives to improve the WAP's operations and effectiveness. This Section informs Grantees of these priorities. They are not considered program policy until provided in a related WPN. The following are currently under consideration by DOE:

2.1 WAP NATIONAL EVALUATION

DOE released the results of the National Evaluation of the Weatherization Assistance Program on September 16, 2015. Led by the Oak Ridge National Laboratory, the purpose of the peer-reviewed evaluation was to conduct detailed analysis of the WAP's Program Year 2008 (Retrospective Evaluation) and operations during the 2010 year of the American Recovery and Reinvestment Act of 2009 (Recovery Act Evaluation). The statistically robust results demonstrate that weatherization provides cost-effective energy savings and health and safety benefits to American families.

Extensive information on these studies, including a Summary Fact Sheet, Executive Summaries of both studies, and study reports can be found at:

<http://energy.gov/eere/wipo/downloads/weatherization-assistance-program-national-evaluation>.

2.2 PARTICIPATION IN ADDITIONAL EVALUATIONS/STUDIES

DOE encourages WAP Grantees and Subgrantees to participate in studies related to the Weatherization Program. While national-level studies allow us to see macro elements, by participating in well-designed state-level or regional-level studies, more clarity can be attained on the impact specific protocols have on the energy savings and other benefits garnered through WAP. Grantees are urged to establish a protocol for Subgrantees to follow when asked to participate in a study. This policy should include what the study is about and ensure that WPN 10-08 Weatherization Guidance on Maintaining the Privacy of Recipients of Services is

followed. If Grantees need assistance in establishing or reviewing these protocols, please contact your respective Project Officer.

2.3 HEALTH AND SAFETY

Health and safety for both workers and occupants continues to be a top priority for DOE. Over the years, a number of new standards and concerns have been addressed to ensure that weatherization activities do not cause or exacerbate health and safety problems. As new standards and concerns arise, DOE strives to address them accordingly. As such, DOE periodically updates Program Guidance to reflect implementation – one example being ASHRAE 62.2. Required implementation of ASHRAE 62.2 began in PY 2012; however, in the Spring of 2016 an updated version of ASHRAE 62.2 will be available. Grantees should plan for necessary training and the requirement of full implementation in 2017. DOE is developing Program Guidance to supersede WPN 11-6, Health and Safety Guidance, dated January 12, 2011. Prior to the release of new Guidance, DOE will request feedback from the Weatherization network via a WAP Memorandum.

2.4 MULTIFAMILY RETROFIT TOOLS AND WORKFORCE RESOURCES

DOE continues to support the development of multifamily tools to advance the WAP's ability to address this building type. In recent years, DOE sponsored the development of Standard Work Specifications (SWS) for multifamily home energy upgrades to ensure that energy efficiency upgrades are effective, durable, and safe. Multifamily Job Task Analyses (JTAs) were developed, cataloguing the knowledge, skills, and abilities (KSAs) that multifamily practitioners use to perform jobs effectively and safely. The JTAs provide a foundation for developing high-quality training and credentialing programs.

Two specific tools are in development that will advance the multifamily agenda. The Technical Guidelines for Multifamily Energy Audits are research-based technical guidelines telling the energy auditor what the data-gathering and energy-auditing process should entail. Also, the Multifamily Tool for Energy Audits (MulTEA) will produce an investment grade energy audit to provide auditors with an improved energy simulation and weatherization measure selection tool for multifamily buildings. The tool calibrates building energy use using historical weather data that prevailed during that utility billing period.

<http://www.energy.gov/eere/wipo/multifamily-retrofit-tools-and-workforce-resources>

2.5 QUALITY WORK PLAN IMPLEMENTATION

DOE continues working with Grantees and Subgrantees to ensure that independent, third-party inspections are conducted and results are shared with relevant parties. Training will continue, however contractors who repeatedly fail to perform to program expectations must be disqualified from performing work in the future. Grantees must establish protocols to remove poor performers in their network. As of October 31, 2015, more than 1500 Quality Control Inspectors (QCI) have received certification.

3.0 FUNDING

WAP funding listed in the application and requiring DOE approval prior to expenditure may derive from several sources:

- Appropriated Weatherization Funding
- Low-Income Home Energy Assistance Program (LIHEAP) funds designated for expenditure under DOE regulations
- Leveraged Resources
 - Designated for expenditure under DOE regulations (e.g., utility funds, state trust funds, other)
- Petroleum Violation Escrow (PVE) Funds
 - Warner and EXXON oil overcharge funds
 - Stripper Well and other oil overcharge funds (including Texaco) which are subject to Stripper Well settlement rules
- Program Income

3.1 FY 2016 APPROPRIATED WEATHERIZATION FUNDING

Please see WPN 16-2 for the allocation of Weatherization funds appropriated this year.

3.1.1 ADJUSTED AVERAGE COST PER DWELLING UNIT

The average cost per dwelling expenditure of financial assistance provided under WAP for labor, weatherization materials, and related matters cannot exceed \$6,500, as adjusted (see, 10 CFR §440.18(a) and (c)). The adjusted annual average for PY 2016 is determined by using the percentage increase in the Consumer Price Index (CPI) (all items, United States city average) for FY 2015 or 3 percent, whichever is less. The percentage increase in the CPI for the previous 12-month period (October 2014 – September 2015) was 0%, so no increase was applied to the PY 2015 adjusted average of \$7,105. Therefore, the adjusted average expenditure limit for PY 2016 is **\$7,105. This average includes units computed in a multifamily building of 5 units or greater.**

In accordance with 10 CFR Part 440.18(b) and (c), the expenditure of financial assistance provided under WAP for labor, weatherization materials, and related matters for a renewable energy system, shall not exceed an average of \$3,000 per dwelling unit, as adjusted. The percentage increase in the CPI for the previous 12-month period (October 2014 – September 2015) was 0%, so no increase was applied to the PY 2015 adjusted average of \$3,545. Therefore, the PY 2016 adjusted average for renewable energy measures is **\$3,545 for renewable energy system measures with a SIR greater than 1.**

Note: The adjusted average for renewable energy measures is not a separate average, but part of the overall adjusted average expenditure limit of \$7,105.

3.1.2 LIMITATIONS ON CERTAIN BUDGET CATEGORIES

Certain budget categories have limitations set by law, regulation, or Program policy and identify the percentage of grant funding that is allowed to be used for specific purposes other than Program Operations. Please see 10 CFR 440 and the updated Application Instructions for additional information.

3.2 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

LIHEAP was first established in 1981 and is funded annually through federal appropriations. The mission of LIHEAP is to minimize the energy burden on low-income families. As such, if the Grantee elects, a percentage of the LIHEAP assistance funds may be transferred to the WAP and used for the purpose of weatherizing homes. Grantees have the option of administering the LIHEAP funds in addition to the DOE award or including these resources in the DOE budget. The budget section of the grant application instructions provides a chart outlining some considerations for the Grantee in making this decision. Further questions or points of clarification should be directed to your DOE Project Officer.

3.3 LEVERAGED RESOURCES

Leveraged funds included in the budget of the DOE award must meet all WAP rules, regulations and guidelines. Grantees should carefully consider the advantages and challenges related to including leveraged funds in the DOE award. Landlord contributions are not considered leveraged resources. They are generally not voluntary and often come with special requirements. Grantees who require further clarification or guidance on leveraged resources should contact their DOE Project Officer.

3.4 PETROLEUM VIOLATION ESCROW (PVE) FUNDS

WAP can be funded by a number of sources, including PVE funds. PVE funds can be divided into two general categories based on the source of the funds. The first category of PVE funds is comprised of those funds appropriated by Congress, or treated as if appropriated (generically referred to as Exxon funds, and also includes funds provided under the Warner Act). The second category of PVE funds is comprised of those funds that were not appropriated (generically referred to as Stripper Well Settlement funds, and includes Diamond Shamrock funds).

- PVE funds are subject to applicable requirements of the funding source.
- PVE funds included in a Grantee Plan are subject to the same Grantee Plan approval, Program oversight, and reporting requirements as the annually appropriated funds; and are subject to the **same** statutory and regulatory constraints as annually appropriated funds.
- Generally, if Exxon funds are used for weatherization projects, they must be included in the Grantee Plan. **Exxon funds cannot be used for administrative expenses.**
- A Grantee may elect to use Stripper Well funds for projects either separate from or included within the WAP. If used for activities separate from WAP, Stripper Well Settlement funds are encouraged to be included, for informational purposes only, in the Grantee Plan; they are not subject to WAP rules, oversight, or reporting requirements.
- There is no requirement that Exxon or Stripper Well Settlement funds be expended during a particular period of time. A Grantee is permitted to reallocate these funds from one eligible program to another provided that their Plan has been amended and is reviewed by DOE Headquarters. If PVE funds designated for expenditure in the prior

program year are not expended, the amount of funding that may be used for administrative expenses in the following program year must be adjusted accordingly.

- No more than 5 percent of the combined total of Exxon and Stripper Well Settlement funds budgeted in a Grantee Plan may be used for Training and Technical Assistance (T&TA). Up to an additional 5 percent of these funds may be used for evaluation of a Grantee's WAP and for innovative efforts for leveraging program funds, provided these activities are approved by the DOE Project Officer.

3.5 PROGRAM INCOME

Program income is defined and subject to the specific requirements provided in the DOE Financial Assistance Rule, 2 CFR 200.307. DOE considers program income as funds earned by Grantees and/or Subgrantees from non-Federal sources during the course of performing DOE WAP activities. The income from these activities must be used to complete additional dwelling units in accordance with DOE rules. It must be treated as an addition to program funds and is subject to the same rules as appropriated funds. Property owner (i.e. landlord) contributions and leveraged resources (i.e., or Grantee funds) are NOT considered to be "program income" for the purposes of the WAP. Grantees requiring further clarification on program income, as it applies to their specific program, should contact their DOE Project Officer.

3.6 ALLOWABLE COSTS

- 3.6.1 Average Cost Per Unit (ACPU):** Field audits of Subgrantee fiscal operations identified inconsistencies in the way ACPU calculations are performed. It is imperative that the Grantee define what costs are allowable in each Budget Category and how the Subgrantee should account for these costs when determining the ACPU. Consistent application of allowable cost by category ensures greater reliability in the ACPU calculation.

DOE has included detail for this calculation and cost categories within the Application Package (III.2 Budget Categories – Section B) and is requesting that Grantees closely monitor the way Subgrantees define costs within a Budget Category and ensure consistency in defining allowable costs within Budget Categories. This is necessary to better understand how Subgrantees are managing their WAP grants and controlling expenditures.

- 3.6.2 Training and Technical Assistance (T&TA):** Grantees are aware of projects and activities that would be helpful in supporting the mission of WAP. As a result of the funding limitations for Training and Technical Assistance to support nation initiatives, very few projects can be funded through the Headquarters set-aside. Grantees are encouraged to collaborate with their peers to pool their T&TA funds to perform projects or activities which were historically funded through the DOE T&TA set-aside. More information on allowable activities can be found in the Application Package (III.2 Budget Categories – Section B) and any additional questions can be directed to your Project Officer.

4.0 APPLICATIONS FOR WAP ANNUAL FORMULA GRANTS

To increase public involvement and obtain timely suggestions in developing their Application, DOE strongly urges Grantees to hold two meetings: a meeting at the beginning of the planning process, as well as the formal and required public hearing on the completed Plan. DOE may request additional information to what is expressly identified by the Program rule on a case-by-case basis when warranted.

4.1 MULTI-YEAR GRANT AWARDS

All Grantees need to make an effort to effectively utilize the entire DOE allocation in the year it is awarded. DOE will review recent reporting results to assess proposed carryover funding from previous years when applications are submitted.

The present grants were scheduled for completion at the end of the 2015 program year. These awards will be extended for one year. This results in a four year grant cycle with expiration scheduled in 2017. At that time, DOE will issue new awards contingent on the availability of funding.

When new awards are issued, they cannot include carryover funding from any previous project period. Funds remaining from previous project periods will be de-obligated and reappropriated by the Office of Management and Budget. They will then be re-obligated using the formula to all Grantees.

4.2 INTERGOVERNMENTAL REVIEW

In the development, submission, and review of grant applications, the provisions of Executive Order 12372 (Intergovernmental Review of Federal Programs) and the DOE Implementing Order (10 CFR 1005) remain unchanged.

4.3 APPLICATION PACKAGE

The application process is fully electronic and applications must be submitted on the Performance and Accountability for Grants in Energy (PAGE) website at <https://www.page.energy.gov/default.aspx>. The PAGE system contains all Federal forms required for the application. Please follow instructions in the Administrative and Legal Requirements Document (ALRD), Weatherization Program Notices, and the Application Instructions attached to this program notice (Attachment 2).

4.4 APPLICATION REFINEMENTS THIS YEAR

DOE updated the Application Instructions for 2016, but did not make changes to the PAGE system this year. All sections of the application must be completed in their entirety. The major change this year is incorporating 2 CFR 200. Grantees should take note of the changes as they begin the application process.

4.5 REPORTING REQUIREMENTS

The reporting requirements are set forth in the Federal Assistance Reporting Checklist, DOE F 4600.2, attached to the award agreement.

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6.0 WEBSITE INFORMATION

To assist the Network in obtaining the most up to date information related to governing documents, program information, communication information, client eligibility, and technical and management resources, please reference the following websites:

Energy Efficiency and Renewable Energy (EERE)

In PY2016, DOE will be posting all official documents developed by DOE to the EERE website. This includes, but is not limited to:

- WAP Regulations and Legislation, Weatherization Program Notices and Memorandums, Appendix A, and the Allocation Formula
- National Evaluation, Briefing Book, Fact Sheets, Additional Resources
- DOE Contacts, Grantee Award Contacts, DOE Events, Additional Resources
- Client Eligibility Requirements, Where to Apply for Assistance, Additional Resources
- National Curriculum, Procurement Toolkit, Guidelines for Home Energy Professionals, Energy Audits, Additional Resources

<http://energy.gov/eere/wipo/weatherization-assistance-program>

Partner Websites:

Weatherization Assistance Program Technical Assistance Center (WAPTAC)

Managed by the National Association for State Community Services Programs (NASCSPP), this site augments the DOE materials housed on the EERE site with implementation materials to support Grantees in carrying out the mission of WAP.

<http://www.waptac.org>

Economic Opportunity Studies (EOS)

This site, operated by Economic Opportunity Studies, focuses on leveraging projects throughout the network. DOE highly supports Grantee and Subgrantees in the exchange of ideas and development of expanded partnerships.

<http://www.opportunitystudies.org/>

Oak Ridge National Laboratory (ORNL)

This site contains source documents related to the DOE-developed Weatherization Assistant audit software tools and the WAP National Evaluations.

<http://weatherization.ornl.gov>

Grantees are strongly encouraged to visit these websites often to keep abreast of the latest information and new techniques in the WAP. Grantees should continue to work with their respective DOE Project Officers when technical assistance is needed.

CONCLUSION: This next year is full of tremendous opportunities for our Program. The release of the National Evaluation represents opportunity to review and reflect on our operations and seek out ways to continue to improve how we deliver services to the low-income families we serve. Weatherization has a 40 year track record of reviewing its process, refining its operations, and setting expectations to deliver high quality services. We have made great strides in the last few years, working together to move our national Program toward more consistent delivery. Our success in this effort can often be reflected in the confidence of those making funding decisions at Congressional and DOE levels. These are often based on Grantee and Subgrantee performance. This year, I am particularly pleased that we have a peer-reviewed evaluation in our hand and working together, we can continue with our motto that “Weatherization Works!”



AnnaMaria Garcia

Director

Weatherization and Intergovernmental Programs Office
Energy Efficiency and Renewable Energy

Attachment 1: Administrative and Legal Requirements Document (ALRD)

Attachment 2: Application Instructions (December 2015)